

DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

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August 3, 2006

Dear LIHEAP Service Providers:

This letter is in response to the concerns raised at the recent LIHEAP Service Provider (LSP) meeting regarding changes to the procurement (OMB) requirements and procedures incorporated via the LIHEAP Amendment 2. As you may recall, the (newly) proposed amendment language required agencies to prepare and submit a "Request for Purchase/Lease" (CSD Form 558) for all purchases and services where the single-unit cost exceeds \$5,000 or when the contract amount of any article, supplies, or equipment acquisition exceeds \$5,000. Based on the concerns raised and the alternative solutions expressed during the recent LSP meeting, the Department developed new language modifying the procedural requirements for obtaining departmental approval and the threshold limits for procurement transactions triggering the "Request for Purchase/Lease" (CSD Form 558). A copy of the modified contract language is attached.

In summary, agencies can elect to submit their written procurement procedures to the Department for review and approval. The Department will review the procedures to ensure conformity with the OMB procurement guidelines. Upon written approval, submission of the "Request for Purchase/Lease" (CSD Form 558) will no longer be required regardless of transaction amount. Absent CSD approval of procurement procedures, will subject agencies to obtaining department approval prior to executing the acquisition of any single-item purchase/service exceeding \$5,000 or any articles, supplies, or equipment where the total purchase/contract exceeds \$100,000.

The Department intends on immediately incorporating the language within the current LIHEAP Amendment 2. For those agencies with an executed LIHEAP Amendment 2, CSD will incorporate the modified procurement language under a separate contract amendment (LIHEAP Amendment 3). If you have any questions, please contact Kathy Ely at (916) 341-4341.

Sincerely,

Original signed by Jason Wimbley

Jason Wimbley
Division Chief
Energy & Environmental Services

attachment